## Message Text

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INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 L-03 PM-05 NSC-05 SS-15 IO-13 /096 W

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E.O. 11652: GDS

TAGS: ELAB, PINT, EFIN, IT SUBJECT: RIFS/ITALY

REF: (A) SECDEF MSG DTG 011701Z SEP 77, (B) USCINCEUR MSG DTG 030915Z SEP 77 (NOTAL), (C) ROME 14444

- 1. FOLLOWING IS IN RESPONSE TO PARAGRAPH 3 OF REF B WHICH REQUESTED CURRENT APPRAISAL OF LIKELY RESPONSE FROM THE ITALIAN GOVERNMENT TO POSSIBLE RIF ACTIONS CARRIED OUT AT U.S. INSTALLATIONS IN NEAR FUTURE.
- 2. WE HAVE NO DOUBT THE REACTION OF THE GOI WILL BE NEGATIVE. MOREOVER RIF ACTIONS OVER THE NEAR TERM WILL BE SEEN AS DISTINCTLY UNHELPFUL IN THE PRESENT DIFFICULT POLITICO-ECONOMIC CONTEXT. THERE ARE, IN ADDITION OTHER ASPECTIOS THAT SHOULD BE CAREFULLY CONSIDERED BEFORE ANY RIFS ARE AUTHORIZED THAT WILL INVOLVE EMPLOYEES NOT ELIGIBLE FOR RETIREMENT.
- 3. OUR REF C IS PARTICULARLY TIMELY AND RELEVANT. IT CONFIDENTIAL.

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IS VERY DIFFICULT TO FIRE AN ITALIAN. THE RESULT MORE OFTEN THAN NOT IS RECOURSE TO THE COURTS AS WELL AS LABOR AGITATION IN THE FORM OF STRIKES THAT HAVE IN THE PAST BROUGHT ACTIVITIES IN SOME OF OUR INSTALLATIONS TO A VIRTUAL STANDSTILL. IT IS WORTH RECALLING THAT ARTICLE IX PARA 5 OF THE STATUS OF FORCES AGREEMENT OBLIGATES US TO ABIDE BY THE LEGISLATION OF THE RE-

CEIVING STATE IN MEETING LOCAL CIVILIAN LABOR REQUIREMENTS. AS INDICATED IN REF C THIS OFFERS NO COMFORT.

- 4. AT PRESENT MOST LOCAL HIRES AT U.S. INSTALLATIONS ARE ORGANIZED BY A UNION THAT IS GENERALLY FRIENDLY TO U.S./ NATO OBJECTIVES. THERE IS ALREADY CONSIDERABLE ACTIVITY AT SOME INSTALLATIONS BY OTHER LESS FRIENDLY AND MORE MILITANT UNIONS WHICH WOULD BE STRENGTHENED IN THEIR CLAIM FOR RECOGNITION IF LOCAL EMPLOYEE DISSATISFACTION WITH THE STATUS QUO WERE TO SWELL THEIR RANKS.
- 5. THE PROBLEMS ATTENDANT UPON LOCAL CIVILIAN EMPLOYMENT ARE AN IMPORTANT ELEMENT IN A GROWING CONGERIES OF IRRITANTS THAT ARE BEGINNING TO ERODE THE SUPPORT THAT HAS HERETOFORE BEEN FAIRLY CONSTANT IN THE RELATIONS BETWEEN OUR INSTALLATIONS AND THE LOCAL COMMUNITIES, COMPETITION FOR SCARCE HOUSING AND NARCOTICS ABUSE AMONG THE CURRENTLY MOST IMPORTANT. A REDUCTION IN FORCE COULD HASTEN THE DETERIORATION OF THOSE RELATIONS.

6. THE MOST ACUTE EMPLOYMENT PROBLEM SEEMS TO BE AT NON-APPROPRIATED FUND ACTIVITIES WHERE RISING LABOR COSTS HAVE IN SOME CASES, WE UNDERSTAND, RESULTED IN SUBSTANTIAL OPERATING DEFICITS. WITH THE PHENOMENON FO CONTINUING INFLATION A NEAR CERTAINTY, A RIF IS IN SUCH CASES ONLY A TEMPORARY AND SPECIOUS PALLIATIVE CONFIDENTIAL

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WITH SERIOUS CONFRONTATION WITH ORGANIZED LABOR TO FOLLOW. IT SEEMS FROM OUR PERSPECTIVE THAT THE ONLY POLITICALLY AND ECONOMICALLY VIABLE ALTERNATIVE IS TO SEEK WHATEVER CONGRESSIONAL ACTION IS NECESSARY TO PERMIT SUBSIDIZATION OF NON-APPROPRIATED FUND ACTIVITIES FROM APPROPRIATED RESOURCES. IN MOST INSTANCES OF WHICH WE ARE AWARE, NON-APPROPRIATED FUND ENTERPRISES ARE ESSENTIAL TO MAINTAINING AN ACCEPTABLE LEVEL OF MORALE AMONG U.S. SERVICEMEN AND THEIR FAMILITES AT INSTALLATION WHERE THERE ARE NO REPEAT NO SIMILAR FACILITIES AVAILABLE IN NEARBY COMMUNITIES. IN OUR VIEW THOSE ACTIVITIES ARE PART OF THE COST OF MAINTAINING THE U.S. MILITARY PRESENCE IN ITALY AND OUGHT SO TO BE TREATED. WITHOUT THEM--OR EVEN WITH THEM IN A DEGRADED FORM RESULTING FROM LABOR TROUBLES THAT WOULD FOLLOW A RIF --SERVICE AT BASES IN ITALY WOULD BE CONSIDERED A HARD-SHIP BY MOST AMERICAN SERVICEMEN AND THERE WOULD LIKELY BE A DETRIMENTAL IMPACT UPON REENLISTMENT RATES. **GARDNER** 

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	Margaret P. Grafeld	Declassified/Released	US Department of State	EO Systematic Review	22 May 2009
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